

Final Plan
for
New Jersey's Administration
of the
Small Cities Community Development Block Grant
Program
2003

State of New Jersey
James E. McGreevey, Governor

New Jersey Department of Community Affairs
Susan Bass Levin, Commissioner

**Small Cities
Community Development Block Grant
Program**

2003

***Administered by the
New Jersey Department of Community Affairs
Division of Housing and Community Resources***

**For Information Concerning
The Small Cities CDBG Program
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www.state.nj.us/dca/dhcr/smallcities.htm

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Summary Information

2003 Total Allocation **\$ 9,746,000**

State Administration	\$ 294,900
Technical Assistance	\$ 97,500

2003 Funds **\$ 9,353,600**

Emergency Housing Repair

Employment Development

Innovative Development

Housing Rehabilitation

Public Facilities

2003 108 Loan Authorization **\$34,277,500**

Application Submission Schedule

Emergency Housing Repair Fund	Applications accepted throughout the program year.
Employment Development Fund and Innovative Development Fund	Applications accepted throughout the year by invitation from the Department of Community Affairs (DCA) following pre-application approval.
Housing Rehabilitation Fund	Applications accepted throughout the program year with priority given to applications received in September 2003.
Public Facilities Fund	Applications must be submitted no later than September 5, 2003.
108 Loan Program	Applications accepted throughout the program year by the New Jersey Economic Development Authority.

Objectives

State Conformance To National Objectives

The State of New Jersey will be guided by applicable federal rules and regulations in carrying out the Small Cities Community Development Block Grant (CDBG) program. All project activities must meet one of the three national program objectives set forth in the Housing and Community Development Act of 1974, as amended:

1. To undertake community development activities that principally benefit persons of low and moderate income;
2. To prevent or eliminate slums and blight;
3. To meet urgent community development needs for which no other resources are available.

The State of New Jersey certifies that not less than 70 percent of the funds will be used for activities that benefit persons of low and moderate income. Low and moderate income is defined in the New Jersey Small Cities CDBG Program as the income of "lower income" families as set forth in the Section 8 Assisted Housing Program of the US Department of Housing and Urban Development (US HUD). The US HUD provides applicable standards, and the standards are included in application instructions distributed to all eligible units of local government.

State Program Objectives

1. Support housing rehabilitation programs that maintain the supply of safe, decent, and affordable housing.
2. Support and encourage efficient patterns of community development, redevelopment, and capital funding by giving priority to proposals that address documented health and safety concerns and further the policies set forth in the *State Development and Redevelopment Plan*.
3. Encourage innovative proposals that combine job creation, housing improvement, and other eligible activities to renew designated revitalization areas.
4. Encourage the development of facilities needed to support welfare to work programs such as job training and child and elder care.
5. Support and encourage neighborhood revitalization efforts identified in locally developed plans and strategies.
6. Improve the availability and adequacy of essential public facilities, and remedy serious deficiencies in areas that principally serve people of low or moderate income.
7. Support community and economic development activities that expand business enterprises and increase job opportunities for the unemployed and for people of low or moderate income.
8. Ensure that municipalities have the capacity to implement community development programs and maintain community development improvements.

Distribution Of Allocation

Contingent on the US HUD's final approval of the State's Consolidated Plan, the distribution of CDBG funds will be as set forth below.

Administration and Technical Assistance

Administration **\$294,900**

The State is permitted to retain an amount equal to 2 percent of the grant award plus \$100,000 to cover costs associated with the State's administration of the CDBG program. In FY 2003 this amount totals \$294,900.

Technical Assistance **\$ 97,500**

The State intends to distribute \$97,500 for technical assistance related to community development in non-entitlement municipalities and counties, as determined by the DCA.

Funds

Emergency Housing Repair

The Emergency Housing Repair Fund has been established to correct emergency conditions in owner-occupied housing where the owner is income-eligible and unable to obtain assistance from any other public or private source. Assistance will be provided on a first-come, first-served basis to the extent funds are available.

The maximum grant award in this category will be \$5,000. However, the DCA will consider exceeding this ceiling if the applicant presents compelling reasons to do so. Prospective applicants are required to contact the Small Cities Program Administrator before submitting a proposal for assistance.

Employment Development

This fund provides assistance to projects that will generate new employment opportunities for people of low and moderate income. These projects may include infrastructure improvements or extensions that support private investment in new production facilities and/or equipment as well as loans to for-profit enterprises.

Upon a favorable assessment of the pre-application, eligible municipalities will be invited to submit a full application. Grants may not exceed \$400,000 unless compelling reasons to do so are set forth by the applicant and accepted by the DCA.

Innovative Development

This fund provides assistance for activities that meet one of the three Statutory Objectives, but that do NOT qualify for consideration under any of the other Small Cities Funds. Examples include land acquisition in support of new housing construction for low-income people and assistance to first-time homebuyers.

Innovative Development Proposals (IDPs) will also be considered in this category. IDPs must consist of more than one eligible activity (excluding administration or planning). The activities proposed must be carried out within the same time period and must be directly related to the implementation of a locally approved redevelopment strategy. Consultation with the Small Cities Program Administrator is encouraged before preparing a formal application.

Grants may not exceed \$400,000 unless compelling reasons for exceeding that amount are set forth by the applicant and accepted by the DCA.

Housing Rehabilitation Fund

This fund will be used for activities that improve the condition of affordable housing in New Jersey. County-managed programs may be awarded up to \$500,000. Multi-jurisdictional programs may receive grants of up to \$350,000. Awards to programs serving only one municipality may not exceed \$200,000.

Public Facilities Fund

This fund is established to assist units of local government to construct or improve essential public facilities that will primarily benefit people of low and moderate income. The maximum grant awarded in this category will be \$400,000. However, this maximum may be exceeded if compelling reasons are presented and accepted by the DCA.

108 Loan Program

The 108 Loan Program authorizes the State to extend financing to commercial projects and to real estate and industrial businesses with a proven ability to expand. The 108 Program funds may be used for fixed-asset financing; for land, construction or renovation; for machinery and equipment; or for working capital. Such loans may be provided for up to 90% of the total fixed-asset financing.

The terms of the loans are a maximum of 20 years for real estate, 10 years for machinery and equipment, and 6 years for working capital. The interest rate is fixed at 200 basis points above the rate charged to the State by HUD, except for projects located within a Federal Empowerment Zone. In such locations the interest rate is 175 basis points above the rate charged to the State by HUD. The purpose of the 108 loan program is to stimulate private sector investment and to retain and create permanent job opportunities for people of low and moderate income residing in eligible units of local government. The project may also qualify if it produces a vital service consistent with one of the statutory objectives of the CDBG program.

Available Lending Authority = \$34,277,500

NOTE: The New Jersey Economic Development Authority (NJEDA) administers the 108 Loan Program. More information may be obtained by contacting NJEDA at 609/292-1800.

Matching Requirements

Units of local government seeking assistance from the Employment Development Fund, the Innovative Development Fund, the Public Facilities Fund, and the Housing Rehabilitation Fund may be required to commit a percentage of the grant request, based on the applicable Municipal Distress Index ranking (MDI Rank). The matching share is determined as follows:

MDI Rank	Matching Share
0 to 100	10%
101 to 200	20%
201 to 300	30%
301 to 400	40%
401 and above	50%

The MDI rank for each Small Cities-eligible unit of government is provided in the Appendix. Where more than one municipality is participating in the proposed project, the matching requirement will be determined by combining the MDI of each participant and dividing by the number of participating municipalities.

Only funds from local sources may be used to meet the cash match requirement. Where in-kind services will be used, identified costs borne by the applicant must be consistent with established DCA standards as set forth in the applicable application guide. The matching fund requirement shall not apply to Emergency Housing Repair assistance and may be waived for Employment Development Fund and Innovative Development Fund projects, when compelling reasons are accepted by the DCA.

Number Of Applications

Applicants may submit no more than one application to the Public Facilities Fund each year. Applications for assistance from the other funds may exceed one per year if requested by the applicant and permitted by the DCA.

Evaluation Criteria

Emergency Housing Repair

Funding to correct emergency conditions in owner-occupied housing units may be requested at any time throughout the funding year and will be evaluated according to the following considerations:

1. Compliance with a statutory National Objective.
2. Documented needs and costs.
3. Certification that other public or private funding sources are not available.
4. Date of submission.

108 Loan Program

Applications for 108 loans are evaluated by the New Jersey Economic Development Authority to determine compliance with applicable federal statutes and regulations and with State program objectives.

Community Development and Housing Needs Statement

To be considered for assistance from any Small Cities fund (with the exception of the Emergency Housing Repair Fund and the 108 Loan Program), the applicant must provide a *Community Development and Housing Needs Statement*. This statement must include at least three components – community development needs, housing needs, and status of applicable land use plans. Instructions for preparing this document are set forth in the application guide for each Small Cities Fund.

Employment Development

This fund provides assistance to projects that will retain or create employment, primarily for people of low and moderate income. The number of jobs created or retained, funds leveraged, and links to training programs may be considered. Proposals that involve the lending of Small Cities CDBG funds to for-profit businesses must be structured to comply with guidance set forth in the Housing and Community Development Act of 1974, as amended, implementing regulations and memoranda issued by the US HUD. The amount of funding requested and the terms of any loans made must reflect the necessity for subsidized financing and the social and economic benefits to be derived.

Small Cities CDBG funds may not be the primary source of financing used by for-profit enterprises. Applicants must also demonstrate that special reasons justify Small Cities CDBG assistance. All direct assistance to for-profit enterprises will be in the form of a loan, the terms of which shall be negotiated by the parties involved and approved by the DCA.

Innovative Development

To qualify for funding, applicants must document that the problem to be addressed and/or the remedy proposed fall(s) outside the scope of other funding categories. Consultation with the State Small Cities staff prior to the submission of a formal request for assistance is encouraged.

Housing Rehabilitation and Public Facilities

All proposals will be subject to a two-step review process. Utilizing a standardized Application Review Form (Attachment A), staff of the Small Cities Unit will review all applications to determine if threshold requirements are met.

All applications, along with the Application Review Form, will be forwarded to necessary parties, including, but not limited to: the Deputy Director and the Director of the Division of Housing and Community Resources, the Assistant Commissioner, the Office of Smart Growth, the Division of Local Government Services, the Division of Codes and Standards, and the Commissioner. Once reviewed, the aforementioned parties will convene to discuss the feasibility of each application and make funding decisions.

Technical Assistance

To the extent that resources permit, the DCA will provide technical assistance to help applicants develop strategies to address their community development needs and to prepare applications. Applicants are encouraged to request assistance well in advance of submission deadlines. In addition, the Small Cities staff will assist new grantees in implementing successful projects.

Eligible Activities

Activities assisted under the Small Cities CDBG Program are limited to the following:

1. Requisition of real property that is blighted, appropriate for rehabilitation, appropriate for preservation as a historic site, or used for provision of public works or other public purposes.
2. Acquisition, construction, reconstruction, or installation of public works or facilities (except buildings for the general conduct of government) and site and other improvements.
3. Code enforcement in deteriorated or deteriorating areas in which such enforcement may arrest the area's decline.
4. Clearance, demolition, removal, and rehabilitation of buildings.
5. Special projects directed to the removal of architectural barriers that restrict the accessibility of the elderly and handicapped.
6. Payments to housing owners for losses of rental income incurred in holding units for relocated individuals and families displaced by activities under the program.
7. Disposition of real property acquired pursuant to the program.
8. Provision of public services if the local government has not provided such services during the 12-month period immediately preceding implementation of the program.
9. Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of this program.
10. Payment of the cost of completing a project funded under Title I of the Housing Act of 1949.
11. Relocation payments for displaced individuals, families, businesses, and organizations.

12. Activities necessary to develop a comprehensive community development plan and to develop a policy-planning-management capacity to enable the recipient to more effectively administer the program.
13. Payment of reasonable administrative costs.
14. Activities carried out by public or private non-profit organizations including:
 - a. Planning
 - b. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government), site improvements, and utilities and commercial or industrial buildings or structures.
15. Assistance to non-profit organizations serving non-entitlement areas, local development corporations or entities organized under the Small Business Investment Act of 1985 to carry out a neighborhood revitalization or community economic development or energy conservation projects, including the development of shared housing opportunities for the elderly (other than by construction of new facilities).
16. Activities necessary to the development of a comprehensive community-wide energy-use strategy.
17. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project.
18. Rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937.
19. Assistance to facilitate the substantial reconstruction of housing owned and occupied by low- and moderate-income persons.
20. Technical assistance to increase the capacity of public or non-profit entities to carry out eligible neighborhood revitalization or economic development activities.
21. Housing services designed to assist homeowners, tenants, and others seeking to participate in eligible housing activities.
22. Assistance to institutions of higher education capable of implementing eligible activities.
23. Assistance to public and private organizations (for-profit as well as non-profit) to facilitate the development, stabilization, and expansion of micro-enterprises.
24. Assistance to facilitate and expand homeownership by subsidizing interest rates, financing acquisition, guaranteeing mortgages, paying up to 50% of down payments, or paying reasonable closing costs for income-eligible people.
25. Activities necessary to repair and operate housing units acquired through tax foreclosure to prevent abandonment and deterioration.
26. Assistance to facilitate and expand homeownership by subsidizing interest rates, financing acquisition, guaranteeing mortgages, paying up to 50% of down payments, or paying reasonable closing costs for income-eligible people.

Program Income and Other Recaptured Funds

CDBG Grants

Program income will remain with the grantee when the grantee demonstrates, as determined by the State, that program income can be distributed in a timely way to carry out the same activity for a specific project in accordance with a reuse plan that has been approved by the State.

The State of New Jersey interprets the phrase “the same eligible activity” to mean that the grantee must use the income for the same activity for which it was originally funded, as taken

from the list of eligible activities (see pages 10 and 11). For example, if the income was derived from a loan to a private firm, it must be used again for loans to private firms. This does not mean that the income may only be used for an additional loan to the same firm. Nor can “continuing the activity” be so broadly defined as to mean use for the same general purpose, such as economic development.

The State will consider exceptions to this policy on a case-by-case basis. However, in the event a grantee fails to demonstrate an acceptable reuse of program income, the State will recapture program income and distribute such funds in accordance with the provisions set forth in the applicable **Plan for Distribution**.

108 Loans

The New Jersey Economic Development Authority (NJEDA) shall charge a fixed interest rate of 200 basis points, except for projects located within a Federal Empowerment Zone. In such locations the interest rate shall be 174 basis points above the rate charged to the NJEDA by HUD. This amount is considered income to the NJEDA.

Displacement

The Small Cities CDBG Program will seek to minimize involuntary displacement of persons from their neighborhoods and homes and to mitigate the adverse effects of any such displacement on low-and moderate-income persons. The State will require applicants to assess all feasible alternatives to any activity resulting in involuntary displacement.

In the event that involuntary displacement is the only feasible alternative, the State will require that grantees comply with the requirements of the Housing and Community Development Act of 1974, as amended; the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended; and the statutory amendments implementing regulations (CFR Part 24). In addition, the State will require that grantees comply with the requirements of the New Jersey Relocation Assistance Acts (P.L. 1971, c.362 and P.L. 1967, c. 79) and the New Jersey Regulations for Provision of Relocation Assistance (N.J.A.C. 5:40-1 et seq.).

Small Cities Application Review Form**Applicant:** _____**Project Type:** ☐ Public Facilities ☐ Housing Rehab

		Comment
Does the proposal meet one of the National Objectives set forth in the Housing and Community Development Act of 1974, as amended (hereafter the Act)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Where low income benefit is claimed, indicate the source of the claim (census or survey), the total number served, the applicant's percentage of low income people and the percentage and total number of low income people benefiting from the activity proposed.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
What is the applicant's municipal distress index?		
Does the proposal address at least one of the Program Objectives set forth on page 3 of this document? If so, specify.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Are the activities proposed permitted by the Act? If so, provide citation.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Does the proposal address at least one of the areas identified in the applicant's Statement of Community Development and Housing Needs, included in the application? If so, specify.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Does the application include evidence of compliance with federal and State Citizen Participation requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Does the applicant provide evidence that the required local match will be met?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
What is the applicant's COAH Status?		
Does the applicant claim readiness to proceed? If so, what is provided to substantiate that claim?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
In what Smart Growth Planning Area is the project located?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
What other funding is being utilized to implement the proposal?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
Who will administer the project?	<input type="checkbox"/> In-House <input type="checkbox"/> Consultant	

Overall Comments:

2003 Eligible Small Cities Municipalities and Counties
(With Municipal Distress Index (MDI) Ranking)

<u>Atlantic County</u>	<u>MDI Rank</u>	Bethlehem Township	500
		Bloomsbury Borough	380
Egg Harbor City	73	Califon Borough	484
		Clinton Town	498
<u>Burlington County</u>		Clinton Township	524
		Delaware Township	479
Beverly City	36	East Amwell Township	521
Burlington City	101	Flemington Borough	219
Chesterfield Township	325	Franklin Township	357
Hainesport Township	217	Frenchtown Borough	306
Palmyra Borough	109	Glen Gardner Borough	301
Pemberton Borough	63	Hampton Borough	233
Pemberton Township	76	High Bridge Borough	325
Riverside Township	96	Holland Township	375
Wrightstown Borough	114	Kingwood Township	356
		Lambertville City	418
<u>Camden County</u>		Lebanon Borough	511
		Lebanon Township	403
Gloucester City	15	Milford Borough	436
Pine Valley Borough	473	Raritan Township	524
Tavistock Borough	557	Readington Township	515
		Stockton Borough	458
<u>Cape May County</u>		Tewksbury Township	510
		Union Township	541
Avalon Borough	421	West Amwell Township	416
Cape May City	202		
Cape May Point Borough	343	<u>Mercer County</u>	
Dennis Township	259		
Lower Township	223	East Windsor Township	342
Middle Township	144	Ewing Township	347
North Wildwood City	170	Hightstown Borough	90
Ocean City	245	Hopewell Borough	431
Sea Isle City	370	Hopewell Township	531
Stone Harbor Borough	455	Lawrence Township	472
Upper Township	350	Pennington Borough	438
West Cape May Borough	309	Princeton Borough	374
West Wildwood Borough	310	Princeton Township	446
Wildwood City	29	Washington Township	556
Wildwood Crest	254	West Windsor Township	535
Woodbine Borough	86		
		<u>Monmouth County</u>	
<u>Cumberland County</u>			
		Little Silver Borough	520
Commercial Township	23		
Deerfield Township	28	<u>Morris County</u>	
Downe Township	55		
Fairfield Township	83	Dover Town	27
Greenwich Township	21		
Hopewell Township	184	<u>Passaic County</u>	
Lawrence Township	30		
Maurice River Township	49	Bloomington Borough	263
Shiloh Borough	44	Haledon Borough	156
Stow Creek Township	100	Hawthorne Borough	314
Upper Deerfield Township	80		
		<u>Passaic County (Cont'd)</u>	<u>MDI Rank</u>
<u>Hunterdon County</u>	<u>MDI Rank</u>		
		Little Falls Township	461
Alexandria Township	504	North Haledon Borough	358
		Pompton Lakes Borough	332

Prospect Park Borough	67
Ringwood Borough	333
Totowa Borough	407
Wanaque Borough	198
West Milford Township	228
West Paterson Borough	367

Salem County

Alloway Township	347
Carneys Point Township	72
Elmer Borough	118
Elsinboro Township	167
Lower Alloways Creek Twp.	181
Mannington Township	99
Oldmans Township	162
Penns Grove Borough	6
Pennsville Township	215
Pilesgrove Township	304
Pittsgrove Township	169
Quinton Township	58
Salem City	34
Upper Pittsgrove Township	262
Woodstown Borough	69

Somerset County

Watchung Borough	516
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Sussex County

Andover Borough	269
Andover Township	302
Branchville Borough	334
Byram Township	437
Frankford Township	326
Franklin Borough	158
Fredon Township	385
Green Township	423
Hamburg Borough	267
Hampton Township	409
Hardyston Township	320
Hopatcong Borough	298
Lafayette Township	316
Montague Township	266
Newton Town	110
Ogdensburg Borough	250
<u>Sussex County (Cont'd)</u>	MDI Rank

Sandyston Township	292
Sparta Township	442
Stanhope Borough	225
Stillwater Township	187
Sussex Borough	57
Vernon Township	369

Walpack Township	195
Wantage Township	311

Warren County

Allamuchy Township	401
Alpha Borough	125
Belvidere Town	75
Blairstown Township	379
Franklin Township	244
Frelinghuysen Township	389
Greenwich Township	360
Hackettstown Town	153
Hardwick Township	353
Harmony Township	196
Hope Township	235
Independence Township	383
Knowlton Township	210
Liberty Township	303
Lopatcong Borough	287
Mansfield Township	242
Oxford Township	87
Phillipsburg Town	24
Pohatcong Township	201
Washington Borough	135
Washington Township	340
White Township	327

Eligible Counties

Cape May County	261
Cumberland County	56
Hunterdon County	427
Mercer County	373
Passaic County	267
Salem County	151
Sussex County	290
Warren County	248